

KEMPER CPA GROUP, LLP (Merced Office)

Review Report

QUALITY CONTROL REVIEW

For the Firm's Audit of
Livingston Union School District
for the Fiscal Year Ended June 30, 2002



STEVE WESTLY
California State Controller

February 2004



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California State Controller

February 13, 2004

Marcia Hall, Partner
Kemper CPA Group, LLP
3168 Collins Drive, Suite B
Merced, CA 95348

Dear Ms. Hall:

The State Controller's Office has completed a quality control review of Kemper CPA Group, LLP (Merced office). We reviewed the audit working papers for the firm's audit of Livingston Union School District for the fiscal year ended June 30, 2002.

As mutually agreed at the exit conference on December 4, 2003, we will not issue a draft report.

If you have any questions, please contact Casandra Moore-Hudnall, Chief, Financial Audits Bureau, at (916) 322-4846.

Sincerely,

A handwritten signature in dark ink, reading "Vincent P. Brown". The signature is fluid and cursive, with the first name "Vincent" being the most prominent.

VINCENT P. BROWN
Chief Operating Officer

VPB:jj/ams

cc: Henry M. Escobar, Superintendent
Livingston Union School District
Lee Andersen, Superintendent
Merced County Office of Education
Arlene Matsuura, Educational Consultant
School Fiscal Services Division
California Department of Education
Charles Pillsbury
School Apportionment Specialist
Department of Finance

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Review Report

Summary

The State Controller's Office (SCO) has completed a quality control review of the audit working papers for the audit performed by Kemper CPA Group, LLP, (Merced office) of the Livingston Union School District for the fiscal year (FY) ended June 30, 2002. The last day of fieldwork was December 4, 2003.

The audit referred to above was performed in accordance with the standards and requirements set forth in *Government Auditing Standards*, issued by the Comptroller General of the United States, often referred to as generally accepted government auditing standards (GAGAS); U.S. generally accepted auditing standards (GAAS); Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*; and the *Standards and Procedures for Audits of California K-12 Local Educational Agencies* (K-12 Audit Guide), published by the SCO.

Background

Any governmental unit subject to a single audit must have the audit performed in accordance with the standards referred to in this report. According to OMB Circular A-133, the auditor's work is subject to a quality control review at the discretion of an agency granted cognizant or oversight status by the federal funding agency. In addition, *Education Code* Section 14504.2 authorizes the SCO to perform quality control reviews of working papers for audits of K-12 local educational agencies (LEAs) to determine whether audits are performed in accordance with U.S. General Accounting Office standards for financial and compliance audits.

Kemper CPA Group, LLP, is an independent certified public accounting firm with an office in Merced, California. The firm performed 17 LEA audits for FY 2001-02. The firm has been the independent auditor for Livingston Union School District since FY 1999-2000. During FY 2001-02, the district operated three elementary and one middle school, with a total average daily attendance (ADA) of 2,277 for the purpose of state funding.

Objectives, Scope, and Methodology

The general objectives of the quality control review were to determine whether this audit was conducted in compliance with:

- GAGAS
- GAAS
- K-12 Audit Guide
- OMB Circular A-133

The quality control review was conducted at the Merced office of Kemper CPA Group, LLP. The SCO reviewers compared the audit work performed by the firm, as documented in the working papers, with the standards stated in the general objectives.

Conclusion

The audit referred to above was performed in accordance with the standards and requirements set forth in GAGAS, GAAS, OMB Circular A-133, and the K-12 Audit Guide.

This report is applicable solely to the audit working papers referred to above and is not intended to pertain to any other work of Kemper CPA Group, LLP.

Views of Responsible Official

The review results were discussed with Marcia Hall, Partner, on December 4, 2003. Ms. Hall agreed with the review results presented in this report. Ms. Hall further agreed that a draft report was not necessary and that the report could be issued as final.

Restricted Use

This report is intended solely for the information and use of the specified parties; it is not intended to be and should not be used for any other purpose. This restriction is not meant to limit distribution of the report, which is a matter of public record.



JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

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<http://www.sco.ca.gov>